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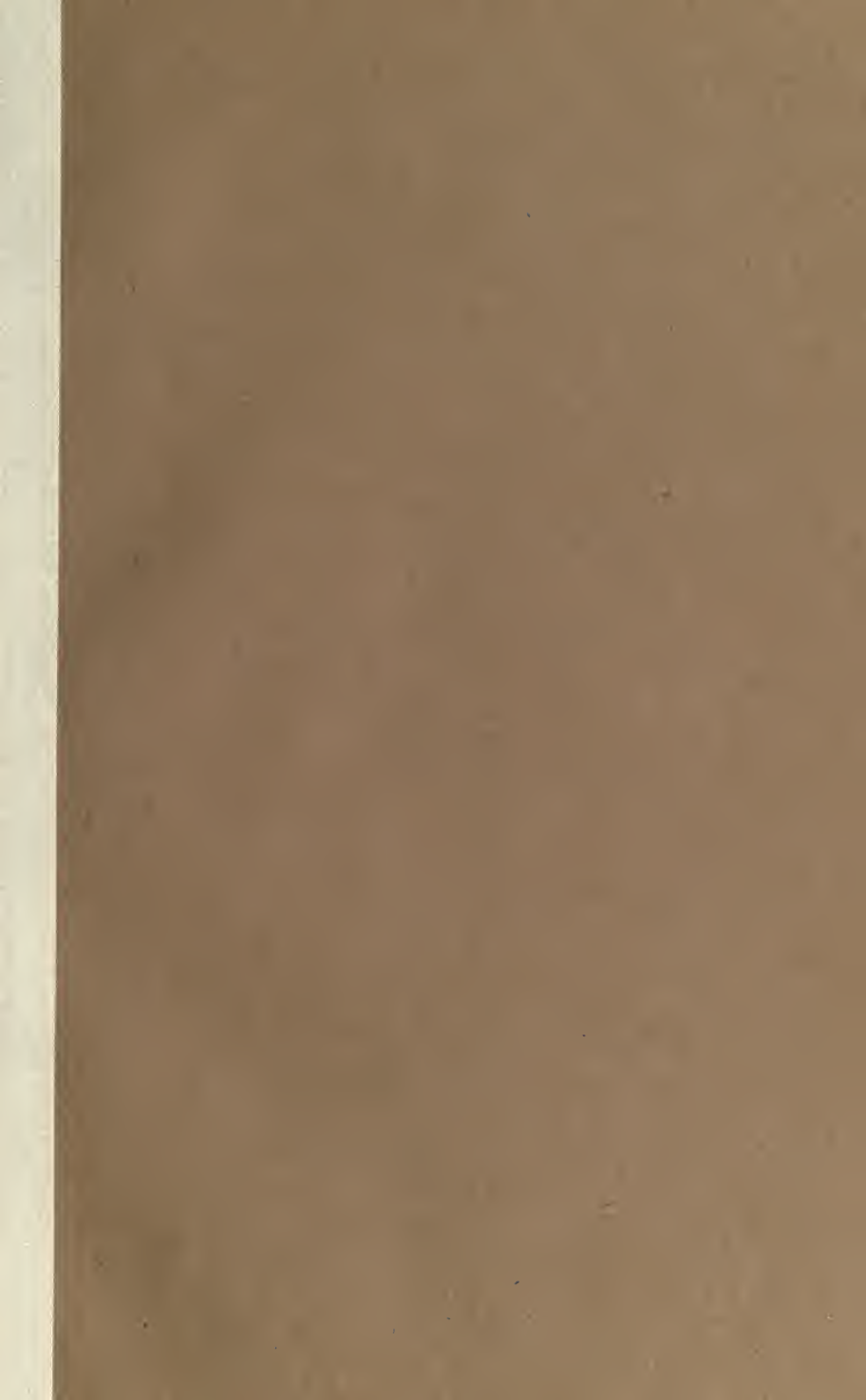


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CHILIAN GOVERNMENT,

DATED 9TH FEBRUARY, 1882,

CONCERNING GUANO.

THE PERUVIAN BONDHOLDERS' COMMITTEE,

Moorgate Street Chambers, London, E.C.

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IMPORTANT DECREE CONCERNING GUANO.

The following most important Decree has been
issued by the Ministry of Finance.

VALPARAISO,

February 9th, 1882.

I have resolved and I decree :—

- ART. 1. One hundred and eighty days after the date of this Decree there shall be offered for sale to the highest bidder by closed tender 1,000,000 tons of Guano of 1,000 kilogrammes per ton, or in default of this full quantity, the whole of any smaller quantity of the said article that may be found in the deposits discovered, and at present being worked within the territory of Peru and at the present time under the dominion of the arms of the Republic.

The character and extent of the obligations assumed by the Chilian Government as seller, shall depend, as to legal results, on the nature of the title to possession that Chili at the present time exercises or that she may be able to acquire in the future over the territories in which the deposits of Guano offered for sale are existing.

- ART. 2. The extracting and delivery of the Guano at the vessel's side in the port of embarkation shall also be arranged in the same manner by closed tenders. The contractors or persons who undertake this service shall be subject to the scientific, industrial and economic direction of the special employes or agents of the Chilian Government.

ART. 3. The Guano shall be weighed and analysed before shipment by the agents of the Chilian Government in conjunction with those of the purchasers.

The course of procedure to be followed in the case of disagreement in the assays shall be determined upon by private arrangement.

ART. 4. Every tender sent in must state a minimum price per unit of nitrogen and phosphate contained in each ton of Guano. No tender will be received in which the price is fixed in any other shape.

ART. 5. The period fixed by Article 1 of this Decree having expired, the Government shall fix a day for opening the tenders at the Ministry of Finance, (where they should all be addressed,) and before a special committee to be appointed for that purpose. All persons tendering, or their agents may be present at the opening of the tenders.

ART. 6. The Government, with the advice of the Committee referred to in the preceding article, shall have previously fixed the minimum price at which tenders will be received, which shall also be under closed cover, and shall be opened at the same time with the tenders.

With the advice of the same Committee the Government shall decide which of all the tenders is to be accepted.

ART. 7. The following will be reasons for preference in selection of tenders :—

1st. The greater price offered for each unit of the fertilizing substances contained in the Guano.

2nd. When prices are equal, the greater quantity of Guano that the contractor engages to export monthly; and

3rd. When the prices and exportable quantities of Guano are equal, the more considerable amount of securities offered for covering the obligations of the contractors.

ART. 8. The minimum of security with each tender shall be five hundred thousand dollars (\$500,000), and the character of the security offered, whether in the form of sureties, cash

deposit, goods or public properties, shall be other such circumstances determining preference that the Government, as the sellers, shall freely consider.

ART. 9. The price of the Guano shall be covered in pounds sterling or by drafts on London at ninety days' sight, and thoroughly approved by the Government, as sellers.

No cargo shall be despatched unless its value has previously been settled and paid.

ART. 10. The minimum monthly shipments to be made by the contractors shall be twenty-five thousand tons, and the period of two months from the date of acceptance of the tenders shall be allowed, to enable them to fulfil this condition.

If from any cause whatever the monthly shipments fall below the fixed minimum, the contractors, on the last day of the month, shall pay to the Government the price of the quantity remaining unshipped calculated on the average value of the last shipment.

ART. 11. The Government, as the seller, shall indicate the deposits from which the Guano is to be taken, giving proper and convenient notice to the purchasers for their guidance in freights and the distribution of the vessels.

ART. 12. Fifteen days after the issue of this Decree the present export of various deposits of Guano from Tarapacá shall be suspended, and only the cargoes of vessels freighted up to the date of the notice given to this effect to Messrs. Gibbs & Co. and McKellar & Co. may be completed.

ART. 13. After deduction of all expenses for extraction, analysis, weighing, shipment, payment of employés who superintend these various operations, and other charges that may be incurred up to bringing the article to the ship's side, the net price of the Guano shall be distributed in equal parts between the Chilian Government and those creditors of the Peruvian Government whose titles of credit may appear to be sustained by the guarantee of this substance of Guano.

ART. 14. In order that the creditors of the Peruvian Government may be able to exercise the right accorded to them by the preceding Article, they must, with the consent previously of

all those who may avail themselves of the benefits of this Concession, constitute a Board of Arbitrators, who shall solve the various difficulties that may arise as to payment, legitimacy or validity of their titles, and the priority that their respective credits are entitled to.

ART. 15. The term of 180 days, reckoning from the date of this Decree, is granted for the said creditors of the Peruvian Government to appoint the Board of Arbitrators referred to in the preceding Article, and notify the same to the Ministry of Finance.

If, at the expiration of this term they have not appointed Arbitrators, the Chilian Government shall itself appoint them.

ART. 16. The Chilian Government shall deposit in the Bank of England the net amount of the price of the Guano which corresponds to the 50 per cent. destined for the Peruvian creditors.

ART. 17. In accordance with the efforts made by Mr. John Procter, with full power from the "Peruvian Bondholders' Committee," recognized in this character by the decision of 7th June, 1881, of the High Court of Justice of the Master of the Rolls—Chancery Division—the said Peruvian Bondholders are at once considered as accepting the Concession granted by this Decree, and the proclamation of 22nd February, 1880, issued by the General-in-Chief of the Army of Operations, and approved by Supreme Decree of 2nd March of the same year, in favor of these same creditors, from this date becomes of no effect and of no value whatever.

ART. 18. The power conferred on Mr. John Procter, as Agent and Delegate in the territories of Chili and other territories of South America, of the Committee of foreign holders of Peruvian Bonds, is registered in the Ministry of Finance. The said power executed in London is dated 30th May, 1881, certified the same day by the Notary Public of that city, William W. Venn, and viséd at the Chilian Consulate.

The said document states that the total of the registered bonds that Procter represents amounts to £25,838,270 sterling, although in the election of the Committee only

£21,243,040 sterling had taken part, and they voted on 8,008 different lists.

ART. 19. The deposit of the funds in the Bank of England referred to in Article 16 shall be made to the order of the Board of Arbitrators appointed by the parties interested or by the the Chilian Government in the case provided for in Article 15.

If previous to the appointment of Arbitrators there shall be an accumulation of funds arising from the sale of Guano, that deposit shall be placed provisionally at the joint order of the official designated by the Chilian Government and by the Committee of the foreign holders of Peruvian Bonds respectively.

In proportion as other classes of creditors of the Peruvian Government shall avail themselves of the benefits of this concession, the provisional deposit of funds shall also extend to their order.

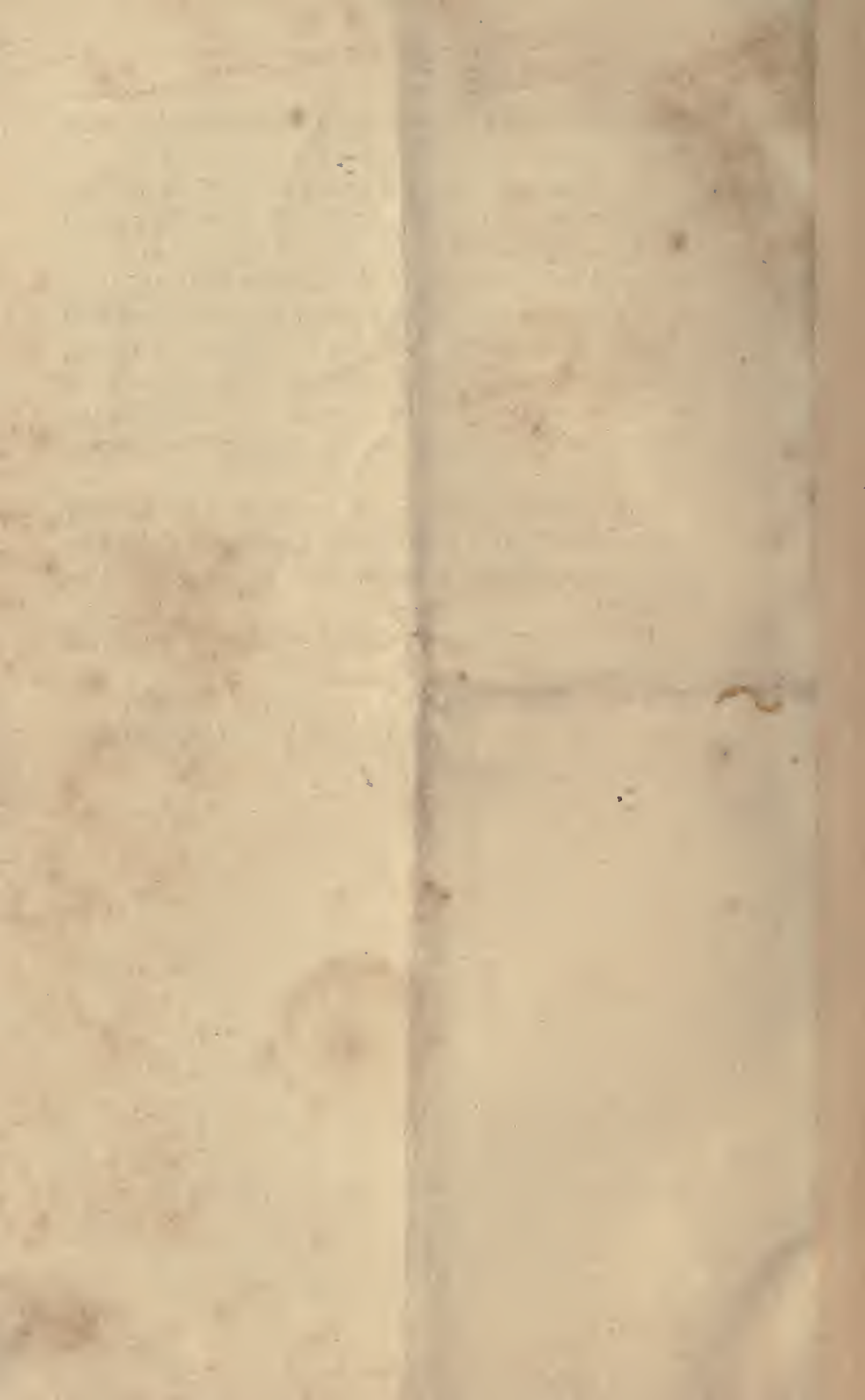
Let this be recorded and noted, let it be communicated and published.

(Signed)

SANTA MARIA,

(Signed)

LUIS ALDUNATE.



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